

Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 NEA-10 ADP-00 AID-20 CEA-02 CIAE-00

COME-00 EB-11 FRB-02 INR-10 IO-12 NSAE-00 RSC-01

OPIC-12 TRSE-00 CIEP-02 LAB-06 SIL-01 OMB-01 SCEM-02

PM-09 NSC-10 SS-15 AGR-20 TAR-02 STR-08 L-03 H-02

INT-08 PA-03 PRS-01 USIA-12 RSR-01 /226 W

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R 180920 Z MAY 73 ZDK
FM AMEMBASSY TOKYO
TO SECSTATE WASHDC 3987
INFO AMEMBASSY JIDDA
AMEMBASSY KUWAIT
AMEMBASSY TEHRAN
AMEMBASSY BEIRUT
AMEMBASSY LONDON
AMEMBASSY THE HAGUE
AMEMBWWSSY JAKARTA
AMEMBASSY PARIS
UFHOL/ AMEMBASSY BONN 1039
AMEMBASSY ROME
AMEMBASSY OTTAWA
OECD PARIS UNN

C O N F I D E N T I A L SECTION 1 OF 2 TOKYO 6236

KUWAIT PASS ABU DHABI

E. O. 11652: GDS

TAGS: ENRG, JAON SA, IR, KU, TC, (NAKASONE, YASUHIRO)

SUBJECT: PETROLEUM - NAKASONE TRIP TO MIDDLE EAST

REF: A. TOKYO 3456; B. TOKYO 4139; C. TOKYO 5453

SUMMARY: DURING AND AFTER TRIP TO FOUR MIDDLE EAST OIL
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PRODUCING COUNTRIES MITI MINISTER NAKASONE MADE NUMBER

OF STATEMENTS APPARENTLY DESIGNED TO INDICATE GREATER DEGREE OF WARMTH TOWARD THESE COUNTRIES, WHILE NOT CHANGING EXISTING GOJ POLICIES ON ENERGY. MOST NOTABLY, NAKASONE QUOTED AS OPPOSING QTE USG PROPOSAL UNQTE THAT CONSUMING COUNTRIES FORM CONSORTIUM TO CONFRONT OPEC. APART FROM INCORRECT REFERENCE TO QTE USG PROPOSAL UNQTE STATEMENT OF OPPOSITION TO CONSUMERS

GROUP FOR PURPOSE

OF CONFRONTATION WITH OPEC IS NOT NEW. HOWEVER, FONOFF AND MITI BUREAUCRATS CONCERNED OVER POSSIBLE THREAT OF NAKASONE'S REMARKS TO PRESENT DELICATE BALANCE IN JAPANESE POLICY AMONG VARIOUS OIL INTEREST -- PRO-DUCERS, MAJORS AND OTHER CONSUMING COUNTRIES. DESPITE FACT THAT NAKASONE'S STATEMENTS ESSENTIALLY MADE ON OWN AUTHORITY WITHOUT USUAL CONSENSUS DECISION- MAKING, IT SHOULD BE NOTED THAT HIS VIEWS REPRESENT IMPORTANT SCHOOL OF THOUGHT IN JAPAN. EMBASSY OFFICER HAS EXPRESSED HIS INFORMAL CONCERN TO FONOFF AND EMBASSY WISHES TO DO SAME ON MORE FORMAL BASIS WITH MITI. INSTRUCTIONS REQUESTED. END SUMMARY.

1. NINE- DAY TRIP TO IRAN, SAUDI ARABIA, KUWAIT AND ABU DHABI BY MINISTER OF INTERNATIONAL TRADE AND INDUSTRY (MITI) NAKASONE SUBJECT OF EXTENSIVE PRESS COVERAGE, BOTH DURING TRIP AND SINCE NAKASONE'S RETURN MAY 7, AND DISCUSSION IN GOJ AND LOCAL ENERGY CIRCLES.

2. BY ALL INDICATIONS NAKASONE TRIP ORIGINATED AT HIS OWN INITIATIVE AND WITH LITTLE ADVANCE NOTICE. HIS PURPOSE SEEMS TO HAVE BEEN TO ATTEMPT TO PUSH JAPANESE OIL POLICY INTO DIRECTION MORE FAVORABLE TOWARD OIL PRODUCING COUNTRIES. IN SUM HIS STATEMENTS AND ACTIONS DURING AND AFTER TRIP REPRESENTED GREATER SYMPATHY WITH AND RECEPTIVITY TO PRODUCING COUNTRIES' POLICIES AND ASPIRATIONS THAN IN PAST, WHILE NOT REPRESENTING ANY MAJOR DEPARTURE FROM EXISTING JAPANESE POLICY.

3. MOST EYE- CATCHING STATEMENT BY NAKASONE WAS THAT JAPAN WOULD NOT ACCEPT WHAT HE REPORTEDLY REFERRED TO AS USG
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PROPOSAL FOR CONSORTIUM OF OIL PRODUCING COUNTRIES. SINCE HIS RETURN HE HAS REPEATED THAT STATEMENT. STATEMENT SUBJECT TO SOME AMBIGUITY. AS BEST EMBASSY CAN DETERMINE, WHILE NOT STEPPING BEYOND BOUNDS OF EXISTING GOJ POLICY, NAKASONE EXPRESSED SELF IN TERMS DESIGNED TO PLEASE PRODUCERS. AS IN CASE OF NAKASONE'S EARLIER CRITICISM THAT PASSAGE OF US TRADE REFORM ACT WOULD RESULT IN IMPOSITION

OF SURCHARGE AGAINST JAPAN, NAKASONE SEEMINGLY ERECTED STRAW MAN BY REFERRING TO QTE USG PROPOSAL UNQTE IN CONTEXT OF CONFRONTATION WITH OPECON WHICH CLEARLY UNACCEPTABLE TO GOJ. HIS STATEMENT DID NOT REFER SPECIFICALLY TO COOPERATION AMONG CONSUMING COUNTRIES ON BASIS OTHER THAN CONFRONTATION WITH OPEC. ON BASIS OF THAT AS WELL AS REPEATED STATEMENTS BY OTHER GOJ OFFICIALS, INCLUDING THOSE IN MITI, IT CLEARLY INCORRECT TO ASSUME THAT GOJ HAS OPTED OUT OF ANY TYPE OF CONSUMER COOPERATION. FURTHER DISCUSSIONS IN TOKYO, AT OECD FORUM AND ECONCOM SHOULD GIVE CLEARER INDICATION OF GOJ' S INTENTIONS THIS SUBJECT.

4. NAKASONE STATEMENT WAS PART OF BROADER APPROACH DESIGNED TO STRENGTHEN JAPAN' S TIES WITH PRODUCING COUNTRIES. IN LINE WITH THIS HE QUOTED AS MAKING FOLLOWING STATEMENTS:

(A) JAPAN SHOULD ALTER ITS POLICY FROM ONE OF REFINING CRUDE IN JAPAN TO ONE OF BUILDING REFINERIES IN PRODUCING COUNTRIES IN ORDER TO PROMOTE LATTER' S INDUSTRIALIZATION.

(B) IN ORDER TO IMPLEMENT NEW POTICY DESCRIBED ABOVE, JAPAN SHOULD REDUCE TARIFFS ON OIL (PRESUMABLY FINISHED PRODUCTS) WHICH IS DIRECTLY IMPORTED FROM OPEC COUNTRIES.

(C) IN RESPONSE TO REQUESTS FOR JAPANESE TECHNICAL ASSISTANCE IN CONSTRUCTION OF PETROCHEMICAL PLANTS, TANKERS, AUTOMOBILE WORKS, STEEL WORKS, AND ELECTRICAL APPLIANCE (REFRIGERATOR, AIR CONDITIONER) FACTORIES, MITI WILL CONSIDER FEASIBILITY STUDIES ON SUCH DEVELOPMENT PRODUCTS.

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C O N F I D E N T I A L SECTION 2 OF 2 TOKYO 6236

KUWAIT PASS ABU DHABI

5. IN OTHER FIELDS IT WAS ANNOUNCED T IT JAPAN- IRAN TRADE AGREEMENT (WHICH EXPIRED JUNE 1972) HAD BEEN RENEWED THROUGH 1974 AND THAT AOREEMENT HAD BEEN REACHED WITH SAUDI ARABIAN OFFICIALS TO SIGN A JAPAN- SAUDI ARABIAN TECHNICAL ASSISTANCE AGREEMENT (UNDER DISCUSSION FOR

PAST THREE YEARS) AS SOON AS POSSIBLE.

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6. IN MANY RESPECTS NAKASONE' S TRIP WAS QTE ONE- MAN SHOW UNQTE, ARRANGED AND CARRIED OUT OVER OBJECTIONS OF MUCH OF GOJ BUREAUCRACY AND CLEARLY NOT FOLLOWING USUAL CONSENSUS- BASED CLEARANCE PROCEDURES. FONOFF UNHAPPY OVER BUREAUCRATIC ASPECT OF TRIP, I. E. IT REPRESENTED DIMINUTION OF FONOFF ROLE IN ENERGY VIS- A- VIS MITI. ACCORDING TO ONE REPORT, FORMIN OHIRA ATTEMPTED UNSUCCESSFULLY TO PREVENT TRIP, ALTHOUGH FONOFF APPARENTLY DID SUCCEED IN DOWNGRADING IT TO EXTENT OF HAVING TRIP BILLED AS COURTESY VISIT. MORE IMPORTANTLY, THERE IS SOME CONCERN WITHIN FONOFF AND MITI BUREAUCRACY THAT NAKASONE' S STATEMENTS REPRESENT THREAT TO PRESENT DELICATELY- BALANCED AND CAUTIOUS ATTEMPT TO MAINTAIN FRIENDLY RELATIONS TOWARD ALL KEY FACTORS IN INTERNATIONAL OIL PICTURE -- I. E. PRODUCERS,

MAJORS AND OTHER CONSUMING COUNTRIES -- WHILE ENSURING STABILITY OF SUPPLY OF OIL TO JAPAN. SUCH CONCERN ALSO PREVALENT WITHIN DOMESTIC OIL INDUSTRY.

7. THIS EVIDENCED BY COMMENTS OF MITI OFFICIALS TO

EMBASSY AND ESSO REP (WEXLER). MITI OIL POLICY
DIVISION DIRECTOR SUZUKI TOOK PAINS TO IMPRESS ON
EMBOFF THAT MITI CONSIDERED SIGNIFICANCE OF NAKASONE' S
STATEMENTS TO BE MINIMAL. TOYAMA (DG, MINISTER, OIL
AND COAL MININO BUREAU, MITI) FOLLOWED SIMILAR LINE
WITH ESSO REP, ASSERTING THAT COMMENTS ON CONSUMERS
GROUP HAD BEEN RAISED BY KUWAIT AND SAUDI ARABIA,
NOT NAKASONE.

8. WHILE NAKASONE' S VIEWS AND STATEMENTS DO NOT REPRE-
SENT OFFICIALLY ARRIVED- AT GOJ DECISIONS, AND WHILE
HIS POLITICAL AMBITIONS OBVIOUSLY CONTRIBUTING FACTOR,
HE SHOULD NOT BE DISMISSED AS ABERRATION FROM MAIN-
STREAM OF JAPANESE THOUGHT ON ENERGY POLICY. CLEARLY,
HIS VIEWS OF A MORE AGGRESSIVE PROTECTION OF JAPANESE
INTERESTS AS HE SEES THEM, ARE SHARED BY SOME ELEMENTS
OF BUREAUCRACY (MIDDLE AND LOWER LEVEL MORE SO THAN
UPPER LEVEL) AS WELL AS GENERAL PUBLIC. FOR THAT
REASON EMBASSY BELIEVES IT IMPORTANT THAT THEY BE
COUNTERED VIGOROUSLY.

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9. DURING CAWL ON OTHER SUBJECT ON MAY 18 AMBASSADOR
RAISED SUBJECT WITH DEPUTY VICE MINISTER TSURUMI. ECON/
MIN, WHO WAS ALSO PRESENT, INFORMED TSURUMI THAT AL-
THOUGH HE WAS SPEAKING WITHOUT INSTRUCTIONS, HE THOUGHT
TSURUMI SHOULD KNOW THAT NAKASONE STATEMENT RE CONSUMER
CARTEL HAD CAUSED CONSIDERABLE UNHAPPINESS AMONG WASHINGTON
OFFICIALS. U. S. OFFICIALS RESENTED NAKASONE USING U. S. AS
QTE FALL GUY UNQTE IN EFFORT PLAY UP TO PRODUCING
COUNTRIES AND IN ECON MIN' S PERSONAL VIEW RAISED
QUESTION RE JAPANESE INTENTION ON ECONOMIC COOPERATION.

10. EMBASSY BELIEVES IT WOULD BE USEFUL MAKE SIOITAR
APPROACH AT HIGH LEVEL IN MITI AND THAT SUCH APPROACH
WOULD BE MORE
EFFECTIVE IF UNDERTAKEN UNDER INSTRUCTION.
EMBASSY REQUEST WASHINGTON REACTION IN TIME FOR ECON/ MIN
APPOINTMENT WITH TOYAMA (MADE AT LATTER' S REQUEST) MAY 22.
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*** Current Classification *** CONFIDENTIAL

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